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GENERAL

1. Views on Soviet policy in Far East and Europe--US Embassy Moscow, in commenting on reports that the Soviet representatives in China, Siam, and India have departed for Moscow, expresses the view that the Kremlin may embark on a period of more intense activity in south and east Asia. The Embassy anticipates a continuance of Soviet demands for an early Japanese peace treaty, propaganda efforts to exploit US-British differences in the Middle and Far East, and direct action to take advantage of existing tensions in Southeast Asia. In this connection, the Embassy warns that, despite Chinese Communist efforts to obtain trade concessions from the West, the Chinese Communists are unlikely to be "weaned away" from Communist orthodoxy at this time. The Embassy points out that the USSR will make a strong attempt to aid Communist China in the event that the Communists do not obtain aid from the West and that only after this Soviet attempt has failed will there be any hope that the Chinese Communists will consider following a path independent of the Kremlin.

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Meanwhile, Embassy Moscow anticipates no relaxation in tension in Europe but believes that the next phase of the East-West struggle will center increasingly on the economic field. According to the Embassy, the Kremlin will seek every means to obtain restoration of East-West trade and to exploit any economic conflict between the western powers.

(CIA Comment: CIA concurs in this analysis.)

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